

10/00/01 10:01 FAX 000 200 2200 NORTH LILY MINING
NORTH LILY MINING COMPANY
PHONE: 303-294-0427
FAX: 303-293-2235

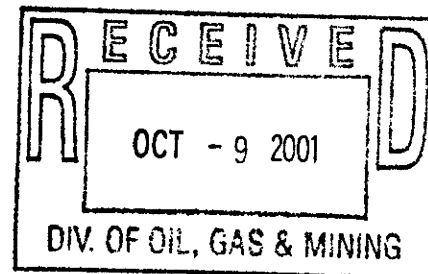
FAX TRANSMITTAL

FROM: S. FLECHNER/W. WEBB
TO: MARY ANN WRIGHT/ASSOCIATE DIRECTOR/UTAH DOGM
FAX: 801-359-3940
PAGES: 4
DATE: 8 OCTOBER 2001

ATTACHED FOR YOUR CONVENIENCE.

BEST,


S. E. FLECHNER



10/09/01 10:01 FAX 303 293 2235 NORTH LILY MINE
NORTH LILY MINING COMPANY
PHONE: 303-294-0427
FAX: 303-293-2235

FAX TRANSMITTAL

FROM: S. FLECHNER/W. WEBB
TO: BETH WONDIMU/UTAH WATER QUALITY
FAX: 801-538-6016
PAGES: TWO
DATE: 8 OCTOBER 2001

AS DISCUSSED, ATTACHED FOR YOUR CONVENIENCE IS A COPY OF OUR NEWS RELEASE CONCERNING THE COMPANY FILING FOR REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE.

WE DO NOT EXPECT THIS TO AFFECT OUR SILVER CITY OBLIGATIONS OR PERFORMANCE WHICH WE HAVE AGREED TO HAVE CONTINUED BY JBR ENVIRONMENTAL CONSULTANTS.

WE APPRECIATE DWQ'S CLOSURE OF NOTICE OF VIOLATIONS LETTER OF AUGUST 15, 2001, AND WE REGRET THE DELAY IN RESPONDING TO DWQ CONCERNING THE DRAFT AMENDED GROUND WATER DISCHARGE PERMIT. WE WILL RESPOND SHORTLY.

OUR THANKS TO EVERYONE INVOLVED AT DWQ IN THE TEAM EFFORT THAT ACCOMPLISHED THE SUCCESSFUL RECLAMATION AT SILVER CITY.

SINCERELY,


STEPHEN E. FLECHNER,
PRESIDENT


W. GENE WEBB
EXECUTIVE VICE PRESIDENT

CC: ROBERT BAYER, JBR ENVIRONMENTAL CONSULTANTS

NORTH LILY MINING COMPANY
PHONE: 303-294-0427
FAX: 303-293-2235

FAX TRANSMITTAL

FROM: S. FLECHNER/W. WEBB
TO: D. WAYNE HEDBERG
FAX: 801-359-3940
PAGES: 6
DATE: 8 OCTOBER 2001

AS DISCUSSED, ATTACHED FOR YOUR CONVENIENCE IS A COPY OF OUR NEWS RELEASE CONCERNING THE COMPANY FILING FOR RELIEF AND REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE.

WE DO NOT EXPECT THIS TO AFFECT OUR SILVER CITY OBLIGATIONS OR PERFORMANCE, WHICH WE HAVE AGREED TO HAVE CONTINUED BY JBR ENVIRONMENTAL CONSULTANTS. WE WILL BE WRITING TO YOU AND YOUR COUNSEL SHORTLY IN THIS REGARD IN ORDER TO TRANSFER NLMC'S INTEREST IN THE REMAINING RECLAMATION BOND TO JBR.


MEANWHILE, IN LIGHT OF THE JUNE 30, 2001 EFFECTIVELY COMPLETED STATUS OF THE SILVER CITY RECLAMATION AND CLOSURE, THIS IS TO RESPECTFULLY REQUEST CONSIDERATION FOR ELIMINATION OR SUBSTANTIAL REDUCTION OF THE PERMIT FEE FOR JULY 2001 TO JUNE 2002 (PER YOUR NOTICE ATTACHED).

IN ADDITION, THIS IS TO INQUIRE ABOUT THE AVAILABILITY OF A "CLOSURE" LETTER CONCERNING DOGM'S PROCEEDINGS AND STIPULATION WITH THE COMPANY. ATTACHED FOR YOUR CONVENIENCE IS A COPY OF THE "CLOSURE" LETTER FROM DWQ.

OUR THANKS AGAIN TO EVERYONE INVOLVED AT DOGM IN THE TEAM EFFORT THAT ACCOMPLISHED THE SUCCESSFUL RECLAMATION AT SILVER CITY.

SINCERELY,


STEPHEN E. FLECHNER,
PRESIDENT


W. GENE WEBB
EXECUTIVE VICE PRESIDENT

CC: ROBERT BAYER, JBR ENVIRONMENTAL CONSULTANTS



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1800 Glenarm Place

Denver, CO 80202

Tel: 303.294.0427

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NORTH LILY FILES FOR REORGANIZATION

17 SEPTEMBER 2001 (DENVER, COLORADO). NORTH LILY MINING COMPANY (OTC SYMBOL: NLMC) HAS FILED FOR RELIEF UNDER CHAPTER 11 IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF COLORADO. IN PURSUIT OF ITS PLANNED REORGANIZATION, NORTH LILY HAS SIGNED A LETTER AGREEMENT WITH A LENDER INTERESTED IN MARKETING AND PROVIDING FINANCING FOR NORTH LILY'S APPROXIMATE 7000 ACRES OF RURAL UTAH PROPERTIES (SOME OF WHICH ARE SUBJECT TO MORTGAGE DEFAULTS). THE LETTER AGREEMENT IS SUBJECT TO SATISFACTORY COMPLETION OF LENDER'S DUE DILIGENCE AND COURT APPROVAL.

THE COMPANY HAS CEASED PURSUIT OF THE PLANNED MERGER AND FINANCE ARRANGEMENTS WITH CAPTAINS MANAGEMENT INC. (CENTRALLY CONTROLLED INTERACTIVE KIOSKS), AND WITH RIVERDALE FINANCIAL/TELECONTROL SYSTEMS INC (INSTALLMENT CONTRACTS FOR CENTRALLY CONTROLLED GUARDLESS SECURITY MONITORING). NORTH LILY HAS BEEN DAMAGED BY ITS INVESTMENTS IN AND RELIANCE UPON THESE PROJECTS AND PARTIES RELATED TO THESE PROJECTS, AND INTENDS TO SEEK RECOVERY FOR NON-PERFORMANCE. NORTH LILY HAS ALSO CEASED PURSUIT OF THE MORTGAGE INTERNET BUSINESS MODEL OBTAINED IN ITS EARLY 2000 ACQUISITION OF LOANMINING.COM AND MORTGAGE PARTNERS HOME FUNDING.

THE COMPANY IS NOW FOCUSED ON SEEKING: 1-AGGRESSIVE MARKETING AND FINANCE OF ITS LAND HOLDINGS IN UTAH; 2-UTILIZATION OF LAND FINANCE AND SALES PROCEEDS FOR CHAPTER 11 REORGANIZATION, INCLUDING CATCH-UP OF AUDITS AND S.E.C. FILINGS; AND 3-THE ACQUISITION OF A BUSINESS OR ASSET TO BE DETERMINED, TOGETHER WITH FINANCING AND A PLAN FOR EMERGENCE OUT OF CHAPTER 11.

FORWARD-LOOKING STATEMENTS: THIS RELEASE CONTAINS FORWARD-LOOKING STATEMENTS THAT ARE NOT HISTORICAL FACTS AND THEREFORE INVOLVE VARIOUS RISKS AND UNCERTAINTIES. THESE COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE PROJECTED OR IMPLIED. THERE CAN FOR INSTANCE BE NO ASSURANCE OF TIMELY ACHIEVEMENT OF FINANCING, LAND SALES, NEW BUSINESS, OR EMERGENCE FROM CHAPTER 11. ALL FORWARD-LOOKING STATEMENTS ARE QUALIFIED BY THIS CAUTIONARY STATEMENT

NLMC CONTACTS: STEVE FLECHNER & GENE WEBB (303-294-0427)